

OCA 88-2900
30 August 1988

MEMORANDUM FOR: Director of Personnel

OCA FILE

Reqs

FROM: [REDACTED] Congressional Affairs

SUBJECT: S.2695: Civil Service Retirees' Interest on
Delayed Payments Act and H.R.: Civil Service
Annuity Prompt Payment Act.

1. Following a conversation with [REDACTED] C/EBS, about the concerns OP had with subject bills as outlined in the attached paper, I contacted the Senate Subcommittee on Federal Services, Post Office and Civil Service and the House Subcommittee on Compensation and Benefits. I was able to determine that there is some possibility that action will be taken during this Congressional session in both the House and Senate to penalize delays in the annuity payments.

2. Because of possible classification problems, I did not elaborate on Agency problems with either staff but suggested that in some cases we would be limited in our ability to meet the deadlines specified in bills. The Agency had to depend upon other Agencies to validate records. The Senate staffer said that they would need more information which I indicated we would have to get to them through the SSCI staff. The House staffers advised that we better have a strong case. The bill was designed to force all agencies to become more timely in the payment of annuities.

3. I subsequently spoke with a staffer on the SSCI and briefly explained our problems, offering to have someone brief in greater detail. The staffer asked several questions about the deadlines imposed by the bills and why we would not be able to meet the time constraints. It was clear from the discussion that the staffer was not favorably impressed with our argument.

[REDACTED]

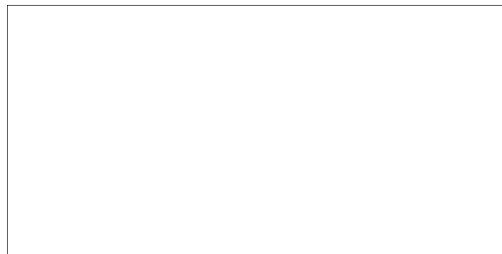
[REDACTED] She also thought that any interest penalties we would have to pay would not be that excessive since we made partial payments to annuitants based upon estimated earnings. I pointed out that this would not be true for disability annuities. We concluded by my agreeing to send her copies of the two bills. Frankly, this agreement was a polite brush-off.

4. Our case is not dead. I can take it up with other SSCI

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staffers or move over and work the House. However, having been forced to make the argument, I have concluded that we do not have a strong case. I recommend, therefore, that we drop it. If you disagree I am prepared to continue. Please advise soonest. We do have much time if the bill(s) start to move.

STAT



cc: DDA w/ att.
DD/EB&S w/ att.
OCA/LD- no att.

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24 August 1988

25X1 MEMORANDUM FOR: [REDACTED]
Office of Congressional Affairs

25X1 FROM: [REDACTED]
Chief, Retirement Operations Branch/RD

SUBJECT: S. 2695 - "Civil Service Retirees' Interest on Delayed
Payment Act"

1. The proposed legislation (attached) presents the same concerns as we expressed in regard to the House Version (H.R. 4361) which are outlined in paragraph 3.

2. There is a significant difference between the House and Senate version. The House version placed a 90 day timeframe on all types of annuity payments. However, the Senate version places a 75 day timeframe for optional retirements and a 45 day period for survivor and deferred annuities. The rest of the bill is virtually identical to the House version.

3. The areas of concern are as follows:

25X1 [REDACTED]

b. Disability - Frequently, the effective date for a disability retirement case is made retroactive 30 to 90 days from the date the Director of Personnel approves the case. This occurs when the applicant has run out of sick leave and has been placed in a LWOP status pending approval of their application. The effective date is made retroactive to the day after the last day in a pay status.

25X1 [REDACTED]

C O N F I D E N T I A L

SUBJECT: S. 2695 - "Civil Service Retirees' Interest on Delayed Payment Act"

4. In each of the above scenarios, the Agency would owe the retiree interest on the money due, as the delays are due to no fault of the employee. Clearly, none of the above pose valid reasons for objecting to the legislation, as they are either internal processes which the Agency needs to streamline or they identify a need to develop more efficient records transfer mechanisms with the Department of State.

5. In summary, I do not believe we can totally eliminate the above problem areas, thus we may have to accept interest payments, to some degree, as a cost of cover. Please keep me advised regarding any future developments on this issue.

25X1

Attachment

